



**DAVID SCHNAID ACCOUNTANCY CORPORATION**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**2012 Tax Requirements Update**  
**Payroll Contributions**

	<u>Rate</u>	<u>Wage Limit</u>	<u>Maximum Amount</u>
<u>Employer's Contributions</u>			
<u>Social Security</u>			
FICA	6.20%	\$110,100	\$6,621.60
Medicare	1.45%	None	Unlimited
Total Social Security Tax (Employer's share)	<u>7.65%</u>		
FUTA (Federal Unemployment Insurance)	0.8%	\$7,000	\$56
SUI (State Unemployment Insurance) *	Assigned to each employer	\$7,000	Varies

<u>Employee's Contribution</u>			
<u>Social Security</u>			
FICA	4.20%	\$110,100	\$4,485.60
Medicare	1.45%	None	Unlimited
Total Social Security (Employee's share)	<u>5.65%</u>		
FWT (Federal Withholding Tax) **	Table	None	Unlimited
SWT (State Withholding Tax) ***	Table	None	Unlimited
SDI (State Disability Insurance) (includes paid family leave amount)	1.0%	\$95,585	\$955.85

<u>Independent Contractor</u>			
SE Tax (Self Employment Tax)	10.40%	\$106,800	\$11,107.20
Medicare	<u>2.90%</u>	None	Unlimited
Total Self Employment Tax	<u>13.30%</u>		

**Pension Contributions**

Maximum Employee 401 (k) Deferral for the calendar year	\$17,000	(over 50 add \$5,500)
Maximum SIMPLE Deferral for the calendar year	\$11,500	(over 50 add \$2,500)
Maximum Defined Contribution Allocation per employee	\$50,000	
Maximum Compensation for Plan Purposes	\$250,000	
Maximum Contribution to 1 person Profit-Sharing Plan	\$50,000	
IRA Contribution (Traditional and Roth)	\$5,000	(over 50 add \$1,000)
SEP-IRA	\$50,000	(25% of W-2 Income)

**Miscellaneous**

Estate Tax Exclusion (US Citizens)	\$5,000,000
Annual Gift Exclusion	\$13,000
Lifetime Gift	\$5,000,000 (due to expire 12/21/2012).
Minimum Wage	\$8.00 per hour (CA)
Overtime Pay	Required for hours worked in excess of 8 in a single day (CA)
Doubletime Pay	Required for hours worked in excess of 12 in a single day (CA)
Business Standard Mileage Rate	\$0.55.5 per mile
Medical/Moving Mileage Rate	\$0.23 per mile
Charity Mileage Rate	\$0.14 per mile
HSA Contribution	\$3,050 (Individual) \$6,150 (Family) (over 55 add \$1,000)

- \* Contribution rate notices are mailed to the employer.
- \*\* Deductions for Federal Withholding TAX (FWT) can be found in the Circular E Supplement.
- \*\*\* Deductions for the State Withholding Tax (SWT) are found in the DE-44, Employer's Tax Guide. (Please ensure that you have the **2012** editions for these tax guides.)



### **LIST OF ITEMS THAT MAY REQUIRE AN ESTATE PLAN REVIEW**

The following is a list of some events that would suggest your estate plan be reviewed. Of course, this list is not exhaustive; there are other items that would trigger a review of your estate plan.

1. Your estate plan has not been reviewed within the last 12 months.
2. You or a child has gotten married or divorced.
3. There has been a change in your health, or the health of your spouse or an immediate family member.
4. There have been significant changes in the financial situation of you or your immediate family members.
5. There has been a change in the relationship between you and the people you have named as beneficiaries, trustees, guardians or other fiduciaries of your estate plan.
6. You have inherited or will be inheriting money or assets.
7. You have invested in or are going to invest in a new business and need to form an entity or enter into a buy-sell agreement.
8. You have retired or are contemplating retiring from a business or profession.

### **LIVING TRUST**

A living trust is one of the most flexible, effective estate planning tools available. It contains instructions for managing and distributing your assets in the event you become incapacitated and when you die. It also avoids probate -- an expensive, time-consuming and very public court proceeding.

A will is also an essential estate planning document, but a will by itself won't avoid probate and functions only after your death; it won't provide for the management of your assets if you become incapacitated. Assuming no incapacity, a living trust gives you complete control over your assets during your lifetime. You can revoke the trust or dispose of the assets in any manner you wish.

For an asset to be covered by your living trust, it's important to change the asset's title from your name to the name of the trust. Any assets titled in your name (unless governed by a beneficiary designation) may be subject to court-appointed guardianship if you become incapacitated and to probate at your death.

Ordinarily, this doesn't present a problem when you first set up your living trust - your attorney will remind you to change the title of your home, life insurance policies, retirement plans and other assets. But once your living trust is signed, it's easy to forget to change the title of property you acquire later.

If you don't know whether all of your assets are properly titled in your living trust's name, consult your estate planning advisors to discuss. If all your assets aren't properly titled, the living trust may not serve its purpose.

*Updated 12/11*